

## Message Text

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ACTION IO-10

INFO OCT-01 ISO-00 IOE-00 AF-06 ARA-06 EA-06 EUR-12 NEA-09

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TAGS: EINV, UN

SUBJ: UN COMMISSION ON TRANSNATIONAL CORPORATIONS

1. THIRD DAY OF SESSION DEVOTED TO GENERAL DEBATE WHICH WILL CONTINUE THURSDAY. ON FRIDAY COMMISSION WILL MEET IN INFORMAL SESSION TO BEGIN DETAILED WORK ON DRAFT PROGRAM OF WORK. WILLIS ARMSTRONG JOINED USDEL AS ADVISER MARCH 19.

2. MARCH 19 HIGHLIGHT WAS LENGTHY STATEMENT BY FIGUERERO CALLING FOR IMMEDIATE ACTION ON CODE OF CONDUCT AND REVIEWING FAMILIAR LITANY OF LA COMPLAINTS AGAINST TNC'S AND THEIR HOME GOVTS. THIS WAS FOLLOWED BY SPECIFIC MEXICAN PROPOSAL THAT COMMISSION CREATE A PERMANENT WORKING GROUP WITH MANDATE TO MEET BETWEEN SESSIONS OF THE COMMISSION TO DRAFT A CODE OF CONDUCT FOR APPROVAL BY COMMISSION AND ECOSOC NEXT SPRING. USDEL CONSULTED WITH KEY WEO'S, ALL OF WHOM STRONGLY OPPOSE THIS PROCEDURE WHICH IS AT VARIANCE WITH ECOSOC RESOLUTION 1913 WHICH DIRECTS COMMISSION TO PREPARE A DETAILED WORK PROGRAM FOR PRESENTATION TO COUNCIL AT ITS NEXT SESSION. IT WAS ALSO REPORTED THAT INDIAN CHAIRMAN WAS UNHAPPY WITH FIGUERERO'S TIRADE AND THAT IT IS UNCERTAIN WHETHER OTHER LDC'S WOULD SUPPORT LA APPROACH. IN AFTERNOON

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SESSION, THERE WAS NO FURTHER REFERENCE TO MEXICAN PROPOSAL

ALTHOUGH ALGERIA AND OTHER LDC'S EMPHASIZED URGENCY OF WORK ON CODE OF CONDUCT, AND MOST INDICATED GENERAL SUPPORT FOR ARGENTINE POSITION. WHEN DISCUSSION SHIFTED TO QUESTION OF EXPERTS, INDIAN DEL INTERVENED TO URGE THAT GENERAL DEBATE BE TERMINATED ASAP AND THAT INFORMAL WORKING GROUP BE ESTABLISHED TO DEVELOP WORK PROGRAM IN ACCORDANCE WITH PARA 7 ECOSOC RESOLUTION 1913. ALGERIA SUPPORTED THIS SUGGESTION. CHAIRMAN LATER RULED THAT GENERAL DEBATE WOULD CONTINUE ONE MORE DAY.

3. A KEY TACTICAL QUESTION FOR WEO'S WILL BE EXTENT TO WHICH WE CAN RESIST LDC PRESSURE FOR PRIORITY WORK ON CODE OF CONDUCT. AT A MINIMUM LDCS WILL PRESS FOR COMMISSION DECISION THAT CODE OF CONDUCT IS TOP PRIORITY FOR COMMISSION AND CENTER. ARGENTINA HOLDS THAT WORK PROGRAM CAN BE DEFERRED WHILE COMMISSION WORKS ON CODE AND MEXICO OBJECTED TO PARA 25 OF DOC 10/2 WHICH PROPOSES THAT CENTER WORK ON CODE. NOT SURPRISINGLY GROUP OF 77 AND GROUP D ASSERT THAT COMMISSION IS BOUND TO BASE ITS DRAFT ON LANGUAGE OF CERDS AND DOCUMENTS OF 6TH SPECIAL SESSION. MEXICO ALSO INTRODUCED THE 11 POINTS PRESENTED BY LAS TO THE WORKING GROUP AS BASIS OF CODE. LAS ALSO TOOK CATEGORIC POSITION THAT CODE WOULD APPLY ONLY TO TNC'S. THUS, THERE IS LITTLE PROSPECT OF SUCCESSFUL WORK ON THIS SUBJECT IN NEAR FUTURE.

4. IT WILL BE NECESSARY FOR USG TO CONSULT CAREFULLY WITH BONN ON CODE OF CONDUCT. FRG DEL GUNTHER (HEAD OF FRG ANTI-CARTEL AUTHORITY LOCATED IN BERLIN) ADVISES THAT HE IS INSTRUCTED TO SUPPORT PRIORITY FOR WORK ON VOLUNTARY CODE OF CONDUCT IN LINE WITH RECENT PROPOSAL CHANCELLOR SCHMIDT MADE TO TNC'S. HOWEVER, FRG STATEMENTS HAVE EMPHASIZED THAT CODE SHOULD BE BASED ON SOLID INFORMATION.

5. OTHER POINTS OF INTEREST IN DEBATE INCLUDE: FIGUERERO'S SUGGESTION THAT LDC'S CAN ESTABLISH THEIR OWN INFORMATION CENTER IF UN CENTER CANNOT GET NECESSARY COMPANY DATA; JAPAN'S CONCERN THAT INTERNATIONAL CIVIL SERVANTS NOT BECOME INVOLVED IN SPECIFIC NEGOTIATIONS; FRENCH VIEW THAT DEFINITION OF TNC'S SHOULD BE BROAD ENOUGH TO INCLUDE STATE ENTERPRISES; GREEK PROPOSAL THAT COMMISSION SHOULD DEVELOP LEGISLATIVE LIMITED OFFICIAL USE

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FRAMEWORK FOR TNC'S BASING ITS WORK ON RECOMMENDATIONS OF EMINENT PERSONS; AND UK AND SWEDISH PROPOSALS FOR CREATION OF STANDING ADVISORY GROUP IN WHICH TRADE UNIONS AND MANAGEMENT WOULD BE REPRESENTED. LAST POINT WAS OPPOSED BY MANY LDC'S WHO SUPPORT AD HOC PANELS OF TOPICAL EXPERTS (ARGENTINA); OPPOSE EQUATING CORPORATE INTERESTS WITH STATES (PERU) OR GENERALLY OBJECT TO IMPORTANT ROLE FOR EXPERTS (BRAZIL). UK MADE LENGTHY INTERVENTION ON DETAILS OF WORK PROGRAM AND

INFORMATION CENTER. UK SUGGESTED THAT CENTER SOLICIT STATISTICAL DATA ON TNC'S AND SECTORS FROM GOVTS AND WITH RESPECT TO COMPANY DATA BEGIN BY ASKING GOVTS WHAT REPORTS THEY REQUIRE OF COMPANIES. UK URGED HIGH PRIORITY FOR EXPERTS GROUP ON INTERNATIONAL ACCOUNTING STANDARDS AND SUPPORTED COLLECTION OF INFORMATION ON NATIONAL REGULATION OF TNC'S BUT EXPRESSED RESERVATION CONCERNING DISCLOSURE OF CONTRACTUAL ARRANGEMENTS. UK SUPPORTED IDEA THAT CENTER ASSIST LDCS TO OBTAIN INFORMATION FROM TNCS BUT SUGGESTED THAT THIS ASPECT BE CONSIDERED AT A LATER STAGE AFTER AVAILABILITIES AND GAPS ARE ESTABLISHED. UK SUPPORTED GREEK PROPOSAL FOR WORK ON CODE ON BASIS OF EMINENT PERSONS; RECOMMENDATIONS BUT EMPHASIZED NEED FOR CAREFUL PREPARATION IN TANDEM WITH INFORMATION AND RESEARCH EFFORTS OF CENTER.

6. USDEL MET AT LUNCH WITH REPS OF COUNCIL OF AMERICAS, RULE OF LAW COMMITTEE, AND NATIONAL FOREIGN TRADE COUNCIL, ALL OF WHOM OPPOSED RAPID DEVELOPMENT OF GENERAL CODE OF CONDUCT ALTHOUGH THEY SEEMED MORE CONCERNED ABOUT POSSIBLE PROVISIONS ON ECONOMIC ISSUES SUCH AS RESTRICTIVE PRACTICES THAN ABOUT LEGAL AND POLITICAL PRINCIPLES. THEY STRESSED THAT EVEN US AGREEMENT MERELY TO DISCUSS BUSINESS PRACTICES OF TNCS IN INTERNATIONAL FORUM INCREASES LDC LEVERAGE OVER TNCS BASED ON ARGUMENT THAT "YOUR GOVERNMENT HAS ALREADY AGREED THAT THESE PRACTICES ARE A PROBLEM." ALSO SUGGESTED THAT WE POINT OUT THAT, WITH DIFFERENCES AMONG LDCS AND AMONG TNCS, CODE DEALING WITH SPECIFIC PRACTICES OF TNCS RATHER THAN GENERAL PRINCIPLES COULD HURT SOME LDCS AT SOME TIME THAT IT IS HELPING OTHERS.  
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